

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0538-01  
Bill No.: HB 179  
Subject: Health Care; Health, Public; Insurance - Medical  
Type: Original  
Date: January 25, 2001

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0 to (\$66,938)	\$0 to (\$66,938)	\$0 to (\$66,938)
Insurance Dedicated	\$10,000	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$10,000 TO (\$56,938)</b>	<b>\$0 TO (\$66,938)</b>	<b>\$0 TO (\$66,938)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenues and expenditures could exceed \$100,000 annually and net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Health** assume this proposal would not fiscally impact their agencies.

**Department of Insurance (INS)** officials state that insurers would be required to amend contracts of coverage in order to comply with this proposal. Amendments to contracts for coverage would need to be filed with INS. INS anticipates that current appropriations and staff would be able to absorb the work for implementation of this proposal. INS states that if additional proposals would be approved during the legislative session they may need to request an increase in appropriation due to the combined effect of multiple proposals. INS estimates there are 171 health insurers and 29 health maintenance organizations that would be required to file at least one amendment to their policy form to comply with this proposal resulting in revenue of \$10,000. If multiple proposals pass during the legislative session which require policy form amendments to be filed, the insurers would probably file one amendment for policy changes.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this benefit would add some cost to the plans that could be deferred from the costs to HCP in its rates. HCP assumes that it expected that this amount would be minimal.

**Department of Social Services - Division of Medical Services (DMS)** officials state they provide a commercial-type benefit package to a group of adults covered under the 1115 Wavier. DMS states this group (57,300) would be subject to the provisions of this proposal. DMS states it is estimated that one percent of the U. S. population have experienced alopecia areata/totalis. DMS states it is unknown how many people with alopecia would want hair prostheses. DMS states that scalp hair prostheses can range from \$100 to \$3,000 depending on the use of synthetics or the use of human hair. DMS assumes a range of \$100 to \$300 for this benefit. DMS estimates a fiscal impact of \$57,300 to \$171,900 ( $57,300 \times 1\% = 573 \text{ patients} \times \$100 \text{ to } \$300 = \$57,300 \text{ to } \$171,900$ ). DMS states that health plans would pass this cost on to the Medicaid program in the form of increased capitated payments for MC+ recipients.

Officials from the **Department of Transportation (DHT)** assume costs would impact the Highway and Patrol Medical Plan only if the department would decide to increase the state share contribution by the amount needed to fund this proposal. DHT states their plan would be required to provide coverage for hair loss which is caused by chemotherapy and radiation treatments for cancer and other like disorders. DHT assumes it is not for male pattern baldness (just the loss of hair). DHT assumes the cost of the treatment would vary depending on the type of device used with the average price for a wig being approximately \$200. DHT assumes this proposal would impact five percent of its members and that everyone would have met their deductible. DHT estimates that 513 participants ( $15,000 \text{ eligible participants} \times 5\%$ ) would

ASSUMPTION (continued)

participate as a result of this proposal with a cost of \$150,000. DHT also assumes that children would not be included but could be impacted and raise the estimate, that participants would use a non-PPO which requires participants to pay twenty percent of the total, and most cases would require the wig for a short period of time, therefore only one wig would be needed.

**Department of Conservation (MDC)** officials state the proposal could have a fiscal impact to the department, because of increased health insurance costs, but the amount is unknown.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** did not respond to our fiscal impact request. However, in response to a similar proposal last session MHP assumed the coverage would be for baldness caused by a disorder such as chemo and radiation treatments for cancer and other like disorders, and not for male pattern baldness. MHP stated the Highway and Patrol Medical Plan did not currently cover these scalp hair prostheses so the proposal would have a fiscal impact on the plan. MHP estimated that five percent of eligible participants would be affected. MHP assumed an average of \$200 for a wig. MHP stated they have 3,664 males and females in the plan not considering dependent children. MHP estimated that 184 participants (3,664 eligible participants x 5%) would participate. MHP assumed only one wig would be needed for a short period of time resulting in a fiscal impact of approximately \$36,800. MHP assumed that the medical plan would absorb this cost and the state would not have to increase its contribution for health insurance.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**GENERAL REVENUE FUND**

<u>Cost - Department of Social Services</u>			
Medical assistance payments	<u>\$0 to (\$66,938)</u>	<u>\$0 to (\$66,938)</u>	<u>\$0 to (\$66,938)</u>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 TO</u> <u>(\$66,938)</u></b>	<b><u>\$0 TO</u> <u>(\$66,938)</u></b>	<b><u>\$0 TO</u> <u>(\$66,938)</u></b>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**INSURANCE DEDICATED FUND**

Income - Department of Insurance

Form filing fees	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
INSURANCE DEDICATED FUND**

<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
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**FEDERAL FUNDS**

Income - Department of Social Services

Medicaid reimbursements	\$0 to \$104,962	\$0 to \$104,962	\$0 to \$104,962
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Cost - Department of Social Services

Medical assistance payments	<u>\$0 to (\$104,962)</u>	<u>\$0 to (\$104,962)</u>	<u>\$0 to (\$104,962)</u>
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**ESTIMATED NET EFFECT ON  
FEDERAL FUNDS\***

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**\*Revenues and expenditures could exceed \$100,000 annually and net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they would incur increased revenues as a result of this proposal.

DESCRIPTION

This proposal would require insurance companies to provide coverage for wigs, toupees, or other scalp hair prostheses worn because of alopecia areata or alopecia totalis.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

MW:LR:OD (12/00)

SOURCES OF INFORMATION

Department of Transportation  
Department of Health  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Department of Conservation

**NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol**

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA  
Director

January 25, 2001